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Madrid, February 6, 2002

Mr. Fabrice Demarigny
Secretary General
COMMITTEE OF EUROPEAN SECURITIES REGULATORS
11-13 Avenue Friedland
75008 Paris

Dear Mr. Demarigny:

Addendum dated December 2002 (Ref: CESR/02-186) to the consultation paper dated October 16, 2002 on CESR's advice on possible level 2 implementing measures for the proposed prospectus directive (Ref: CESR/02-185b)

Please find below our comments to the questions raised in the Addendum to dated December 2002 (Ref: CESR/02-186) to the Consultation Paper dated October 16, 2002 regarding CESR's advice on possible level 2 implementing measures for the proposed prospectus directive (Ref: CESR/02-185b). For ease or reference, we have followed the same numbering used in the Addendum to the Consultation Paper.

PART ONE - REGISTRATION DOCUMENT

A.- Debt Securities

15. *Do you consider that information about an issuer's principal future investments should be disclosed? Please give your reasons.*

We think that issuer's of debt securities to wholesale investors should be required to provide some sort of disclosure on their principal future investments and how they plan to finance those. Future investments may rise the issuer's indebtedness and are thus relevant to help an investor asses the issuer's ability to service its debt in the future. This information is also valuable for rating agencies when issuing a rating for the issuer or for a particular issue.

16. *Do you consider that a description of only some of these items should be made? If so, which ones?*

Please see our response to question no. 15.

18. *Do you consider that information about a company's capital expenditure commitments would be of value to "wholesale market investors"?*

We concur with the view that this information is frequently not meaningful as debt issues are undertaken by special purpose vehicles. However, this may not prove true in all cases as sometimes the securities are issued directly by the parent company. In addition, in SPV structures the issue is typically guaranteed on a joint and several basis by the parent company of the issuer, and we think it could thus be useful to investors to be provided with information about the capital expenditure commitments of the issuer or, where the issuer is an SPV, of the guarantor.

22. *Should any profit forecast that is included be reported on by the company's auditors or reporting accountant?*

As we stated in our letter of December 30, 2002 to you providing our comments to the Consultation Paper dated October 16, 2002, we believe that issuer's should not be statutorily required to submit their forecasts and projections to reporting by an independent expert.

23. *Do you consider that the requirement to disclose an issuer's prospects should be retained, or should this requirement be deleted?*

In the context of debt offerings to wholesale investors, we think that the no-material adverse change statement from the date of the latest financial statements to the date of the registration document should probably be enough and thus would suggest deleting the requirement to provide year-end forecasts.

25. *Do you consider it necessary to continue to require disclosure of Board practices for issuers of such securities?*

The information on the corporate governance of securities issues is currently in the spotlight and thus we concur with the view that debt issuer's should be required to provide some sort of information on its corporate governance practices. This information may be of particular importance when securities being issued are of long-term maturity and thus may potentially involve a long-standing investment.

27. *Do you consider that these disclosure obligations should be required?*

We do not feel that disclosure on the issuer's major shareholders to be very important for sophisticated investors in debt securities and agree that both requirements to provide information on major shareholders could be deleted.

28. *CESR's expectation is that either both would be deleted or both retained. Do you consider that only one of these disclosure obligations is necessary and if so, which?*

See our response to question no. 27.

30. *Do you consider that this disclosure requirement should be retained in relation to this type of issuer?*

We would suggest eliminating this disclosure requirement. Anyway, in some cases wholesale investors may have the opportunity to gather the information on related party transactions of the issuer from other sources, if they feel it is important for them in the context of a particular transaction. By way of example, in Spain recently enacted legislation requires issuers of securities listed in Spain to report in their half-yearly (Q2 and Q4) financial information to be filed with the CNMV and the exchange authority to disclose any material related party transactions.

33. *Do you consider this approach to be appropriate?*

Yes. Regularly frequent issuers will have nonetheless published interim financial statements in compliance with on-going financial reporting obligations of the markets where their securities are traded, in which case those statements would be included in the registration document.

35. *Are your views or comments different from those in response to the first consultation paper?*

No. In our response dated December 30, 2002 to the first consultation paper we already expressed our view that obligations for issuers to put documents on display should be significantly restricted from CESR's initial proposal.

B.- Securities issued by banks

43. *Having reviewed the disclosure obligations set out in Annex [2], do you consider that a specialist building block for banks is justified?*

Yes.

44. *If so, do you consider that this specialist building block should be applied to non-EU banks that are subject to an equivalent level of prudential and regulatory supervision, or should only EU banks be covered by this specialist building block?*

We think non-EU banks subject to equivalent supervision than EU banks should also be applied the specialist building block.

45. *Other than those disclosures considered separately below, do you agree with the disclosure obligations for banks as set out in Annex [2]?*

Yes.

47. *Do you consider that information about a bank's principal future investments should be disclosed?*

We would suggest retaining the disclosure about the bank's principal future investments for the same reasons outlined in our response to question no. 15.

49. *Do you consider that a bank's actual solvency ratio should be disclosed?*

We think banks should be required to disclose their solvency ratios in the registration document. As regards the nature of the solvency ratios to be disclosed (i.e. actual vs. regulatory) perhaps using actual solvency ratios could create confusion and it could be better to require regulatory ratios as investors knowledgeable of banking legislation on capital adequacy may more easily understand how these are calculated and draw comparisons with other entities.

51. *Do you consider it necessary to continue to require disclosure of Board practices by banks?*

Yes. This is nowadays a matter of increasing concern and interest for investors and we would recommend maintaining the disclosure requirement.

53. *Do you consider that the disclosure obligations [VI.A.1., VI.A.2 and VI.A.3.] should be required for banks?*

Yes. This information should not be very difficult and/or costly to prepare and may be of interest to investors (particularly if they are not wholesale investors).

55. *Do you consider that this disclosure requirement should be retained in relation to this type of issuer?*

No. As indicated in our response to question no. 30, we do not think this sort of information is of great relevance to prospective investors in fixed-income securities.

57. *Do you consider the approach set out in VII.H. of the Bank Building Block schedule to be appropriate?*

Yes. Most, if not all, of the issuers eligible for using a bank registration document will likely be subject to quarterly financial reporting obligations already either for regulatory reasons or under stock exchange regulations, and if there are interim financial statements available we see no reason in not reflecting those in the registration document.

59. *Are your views or comments in relation to securities issued by Banks different from those in response to the Consultation Paper?*

No. Please see my response to question no. 35 above.

C.- Derivative securities

66. *Do you consider that issuers of derivative securities should be required to provide a description of their principal future investments? Please give your reasons*

No. As indicated in our letter dated December 30, 2002 in response to the Consultation Paper, our overall approach is that given the particular features of derivative securities and its typically short term nature, registration requirements for issuers of derivative products should focus more on the underlying product and the factors affecting its value than on the issuer thereof, which is frequently a bank subject to prudential supervision and to rules and restrictions to protect its solvency. In our view, imposing an unreasonably high disclosure standard for issuers of derivative securities would impact the development of this market. Following this philosophy, we do not believe information on future investments is relevant enough to require issuers of derivatives to provide disclosure thereon.

69. *Do you consider that the information set our in V.A.1 of the Derivatives Building block should be restricted to the directors of the issuer? Please give your reasons.*

Yes. We think the information in V.A.2 is unnecessary and not relevant for an investor in derivative securities.

71. *Do you consider that the information set out in V.B. of the Derivatives Building block to be relevant and necessary disclosure for these products? Please give your reasons.*

Yes. We concur with those CESR members which believe that the information covered in V.B should be easy to prepare and could be of value to potential investors.

73. *Do you consider it necessary to require disclosure of Board practices for issuers of derivative securities? Please give reasons for your answer.*

No. Board practices are of little, if any, relevance for an investor in derivative securities. If the underlying asset is a stock, it would in our view be much more relevant to an investor the description of the Board practices of the issuer of the underlying security than that of the derivative.

74. *Do you consider it necessary to require disclosure of Board practices for issuers who are banks of derivative securities? Please give reasons for your answer.*

No, for the same reasons set out in our response to question no. 73. We do not feel the banking or non-banking nature of the issuer is relevant for these purposes.

76. *Do you consider that this disclosure requirement should be retained in relation to derivative securities? Please give your reasons.*

As for debt securities for the wholesale market (see our response to question no. 30, we do not think this information is of value to an investor in derivative securities and thus would suggest removing it.

78. *Do you consider the approach set out in VII.H. of the Derivative Building Block schedule to be appropriate?*

Yes, we agree with the approach set out in VII.H, for the same reasons outlined in our response to question no. 33.

80. *Are your views or comments in relation to derivative securities different from those in response to the Consultation Paper?*

No. We sustain the same view as then. See our response to questions no. 93 and 227 of our letter dated December 30, 2002 in response to the consultation paper.

87. *After review of the proposed disclosure requirements for banks set out in Annex [2], do you consider it necessary to set out separate disclosure requirements for guaranteed derivative securities issued by banks (including for these purposes special purpose vehicles whose obligations are guaranteed by banks), or should all such derivative securities irrespective of their percentage return be treated as all other non-equity securities issued by banks (or special purpose vehicles whose obligations are guaranteed by banks)? Please give your reasons.*

As indicated in our response to question no. 66, we believe the difference features of derivative securities as compared to other non-equity securities should merit a separate treatment and, thus, a special registration document building block. However, we believe it would be reasonable to treat fully-guaranteed return derivatives as equivalent to all other non-equity securities in terms of disclosure requirements of the registration document

88. *If you consider that there should be difference between the disclosure requirements for a bank (or a special purpose vehicle whose obligations are guaranteed by a bank) issuing a guaranteed derivative security, and the disclosure requirements for a bank issuing all other types of non-equity securities, please indicate what percentage return should be applied to differentiate between these different disclosure requirements. Please give your reasons.*

We think the percentage return to be used for these purposes should be fairly high (i.e., 90% or more of the initial investment).

89. *Having reviewed the disclosure obligations set out in Annex [3] for derivative securities issued by banks or special purpose vehicles whose obligations are guaranteed by banks and the disclosure obligations set out in Annex [2] for all other non equity securities issued by banks, what, if any, additional disclosures do you consider a bank issuer or special purpose vehicle issuer whose obligations are guaranteed by a bank of a guaranteed derivative security should provide? Please give reasons for your answers.*

None. In fact, as indicated in our responses to questions no. 61 through 80 we would suggest deleting some of the sections (such as, among others, III.B.1, III.C.1.a, III.C.1.2, III.C.3., V.A.1, V.C.1. and VIII.A), which we feel are not of great relevance to an investor in a derivative product when issued by a bank.

92. *Do you consider that the disclosure requirements for Banks issuing derivative products should also be applied to non-bank issuers of non-guaranteed derivative securities? Please give your reasons.*

In our view it would be reasonable to establish more stringent disclosure requirements for derivative securities issued by non-bank issuers as these would not be subject to prudential supervision and to rules to preserve their solvency and limit risk concentration.

93. *If you consider that there should be different disclosure requirements for non-bank issuers of derivative securities, on review of the derivatives disclosure requirements set out in Annex [3], and the "wholesale debt" disclosure requirements set out in Annex [1] please advise:*

(a) *what, if any, different disclosure requirements to those set out in Annex [3] should be applied to non-bank issuers of derivative securities. Please give you reasons; and*

We think the disclosure requirements set out in Annex [3] set out a reasonably high standard information for investors and would not suggest any additional requirements. As indicated in our response to question no. 89, we would rather suggest eliminating certain of the items of disclosure in Annex [3] whenever the issuer is a bank.

(b) *what, if any, additional disclosure requirements set out in the "wholesale debt" disclosure requirements at Annex [1] should be applied to non-bank issuers of derivative securities. Please give your reasons.*

We would consider adding requirements to provide information on liquidity and capital resources (IV) and Capital expenditure commitments (IV.A), as these could be of interest for an investor when the issuer is not a bank.

96. *Do you agree with the disclosure obligations set out in Annex [4] as being appropriate for this type of securities?*

Yes. However, as already stated in our response dated December 30, 2002 to the consultation paper, we would suggest limiting the scope of the documents to be put on display (item I.B.6)

102. *Do you agree with the disclosure obligations set out in Annex [5] as being appropriate for this type of security?*

We generally agree with the disclosure obligations set out in Annex [5] although as we already suggested in our response dated December 30, 2002 to the

consultation paper, we would propose eliminating or restricting the scope of certain of the items of disclosure. Among others, we would propose deleting or, as the case may be, limiting the information requirements in items I.B, IV.B, V.A, VI.B and VIII.C.

103. *In particular, do you consider that any information regarding the depository is required in addition to that set out in IX.A?*

No.

104. *If there is recourse to the depository under the terms of the DR issued, what disclosure requirements do you consider would be appropriate in relation to the depository?*

We share CESR's members view that if investors do have recourse to the depositary under the terms of the depositary receipt then the issuer of the receipts should be submitted to substantially similar disclosure requirements as the issuer of the underlying security.

111. *Do you believe that a specialist building block for shipping companies is appropriate?*

Yes.

112. *Do you agree with the disclosure requirements in registration documents for shipping companies set out in Annex [6]?*

Yes.

113. *Do you agree that valuation reports as set out in Annex [6a] should be required for shipping companies?*

As indicated for real estate companies in our letter dated December 30, 2002 in response to the consultation paper, we would rather not impose an obligation on shipping companies to obtain a valuation report on their assets to be able to register a registration document as this requirement would create a significant cost and burden to shipping issuers which we are not sure is reasonably balanced wit the increase on investor protection.

114. *Do you consider it appropriate that the date of valuation must not be more than 90 days prior to the date of publication?*

See our response to question no. 113. above.

115. *Do you agree that it would be more appropriate for such valuation reports to be required when securities are being issued by a shipping company and hence should form part of the securities note?*

Yes. See our response to question no. 113 of our letter dated December 30, 2002 commenting on the consultation paper.

122. *Do you agree with this approach?*

Yes.

123. *Are you satisfied with the wording of the Blanket Clause?*

Yes.

125. *Do you consider that this disclosure is more appropriate to the securities note or the registration document?*

We would propose including the working capital statement within the overall discussion of liquidity and capital requirements in the registration document rather than in the securities note.

126. *If you consider that this disclosure is more appropriate to the securities note, do you believe that the other disclosures regarding liquidity and capital resources currently in the registration document should be included in the securities note instead?*

Not applicable. See our response to question no. 125.

132. *Do you agree with this approach?*

Yes, we believe it is a very reasonable and sensible approach.

136. *Do you agree with this approach?*

Yes.

139. *Do you agree with this approach?*

Yes.

143. *Do you consider the disclosure requirements set out in Annex [10] to be appropriate for asset backed securities?*

Yes. As a minor comment we would perhaps suggest considering establishing higher percentage requirements than those currently reflected in items B.2.11 and B.2.15 as triggering the requirement to provide full information on the obligor and issuer of the unlisted securities, respectively.

144. *On review of the debt security note disclosure requirements set out in annex [L] to the Consultation Paper, please advise what if any of these items of disclosure should not be required for these types of securities? Please give your reasons.*

149. *Do you agree with the proposal to have the disclosure obligations in relation to guarantees in a separate building block so as to allow greater flexibility in structuring the issue of securities?*

Yes.

150. *Do you believe that the level of disclosure required by the proposed building block is appropriate? Please give reasons for your answer.*

Yes, we believe the level of disclosure required is appropriate.

151. *If, in answer to the previous question, you said the requirements were inappropriate please indicate which of the proposed disclosure requirements you believe to be excessive and/or which additional disclosures should be required of guarantors.*

Not applicable. See our response to question no. 150.

155. *Do you agree with this approach?*

Yes.

159. *Which approach do you deem to be more appropriate?*

We concur with the position of the majority of CESR members.

168. *Given the level of detail provided for by the Ecofin Text on the scope, language, length and content of the summary; taking in consideration that the summary is based on the content of the prospectus and that it is up to the issuer to evaluate which elements are essential, do you believe that there is need for level 2 advice on the content and characteristics of the summary and that, in particular, there is need to prepared specific summary schedules? If yes, please indicate what level 2 implementing measures should deal with. CESR also welcomes views on the way in which the need to standardise the content of the summary may be compatible with the maximum length the summary should normally have.*

We think that the core content of the summary and other guidelines in the preparation thereof could be more flexibly dealt with at Level 3 rather than by Level 2 implementing rules of the Commission.

175. *Do you have any comments on the preliminary views expressed in paragraph [174]?*

No, we concur with the views expressed in paragraph [174]

176. *Bearing in mind that the final terms will not be approved, what information disclosures from the securities note do you consider it would be appropriate to reclassify as being the final terms [for issues off a base prospectus]?*

In our view the base prospectus should include the information contained in the bank non-equity registration document building block and substantially all of the information (to the extent available) of the securities note debt schedule. Once securities are issued pursuant to the programme, the issuer should only be required to publish the final terms of the offering (pricing, coupons, maturity, etc.).

* * *

I trust the foregoing proves helpful. Please do not hesitate to contact me if I can be of any further help.

Yours sincerely,

Luis de Carlos Bertrán